MANITOBA MILK PRODUCERS

22nd Annual Report 1996

BOARD MEMBERS

front row (l to r): Craig Finnie, *Executive Member*
Neil Van Ryssel, *Chairman*
Ken Leppky, *Vice Chairman*

back row (l to r): Jim Wade, *General Manager*
Bill Swan, Maurice Delichte, Bud McKague,
Hugh Jameson, Ray Pelletier, Abe Ens

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CHAIRMAN'S REPORT

The year 1995/96 will be remembered as the year we negotiated the pool.

Simultaneously, we have negotiated the terms of entry into two all milk pools. It has taken a combined total of fifteen meetings and 26 days during this fiscal year.

The Eastern milk pool began operation on August 1, 1996. Manitoba will share all markets and all revenue with New Brunswick, Nova Scotia, Ontario, Prince Edward Island, and Quebec.

We will also remember 1995/96 as a record high year of feed prices and a record low year for bull calf and cull cow prices.

Through hard work and some pressure, we were able to negotiate three fluid price increases during the year.

With the advent of the Western Pool, the Milk Prices Review Commission role in fluid price setting for the producer has become less relevant.

Transporters worked hard with the Board to create a competitive milk hauling environment which would bring about the rate reductions we sought. On August 1, 1996, we saw the results of the agreements reached throughout the year and a 4.4 % reduction in producers transport costs.

The World Trade Organization changes have made every producer and processor a world competitor on some part of the products we produce.

In 1995/96, 14 % of Manitoba's milk components were sold at internationally competitive prices. While our net return for the year was similar to 1994/95 levels, the variance from month to month in revenue now reflects the market activity. We no longer have levies in place to moderate prices.

Manitoba Milk Producers now have a new market. The world market. At the time of writing, the returns are $25.00-$26.00 gross revenue per hectolitre and some producers may decide to ship to this new market.

Our daily quota system, developed with the help of district milk committees, regional meetings and in negotiations with other pool provinces, will bring greater flexibility for the producer and maintain our even flow of milk.

The new National Dairy Code standards for raw milk quality, implemented in 1996, will ensure Manitoba's milk and milk products meet international standards for trade.

Manitoba Milk Producers had an excellent year as shown in the statistical review. We thank our transporters and processor partners for their efforts in bringing about a very successful year.

In the future, milk producers can expect more of what we have seen to date. Greater expansion of markets, tighter price margins, more challenges from the USA and international trade liberalization.

Manitoba Milk Producers is committed to a growing and dynamic dairy industry characterized by competitive prices. Our growth strategy is tied to an aggressive result oriented advertising and promotion program.

International trade liberalization will being new opportunities to expand exports into countries ready to accept reciprocal trade.

As you read this report, share our pride in the progress of Manitoba Milk Producers in the past year. Our staff have done an excellent job in helping us meet our objectives and our alliances with our industry partners have never been more positive.

We have seen many changes in 1995/96 and we are meeting the challenges.

BOARD/DISTRICT MEETINGS

During the past dairy year, August 1, 1995 to July 31, 1996, a total of 21 regular Board meetings, occupying 33 days, were held. As well, there were two telephone conference meetings held.

In addition to Board meetings, members also serve on committees of the Board, attend affiliated organizations' meetings as representatives of the Board, and participate in seminars.

District Elections

In the fall of 1995, an election was held in District No. 9, with the result the incumbent, K.P. Leppky, was re-elected. There being no other nominations in District No. 3 and District No. 6, C. Finnie and N. Van Ryssel, were acclaimed for a further three year term.

This year, elections will be held in Districts No. 1, 4, and 7 currently represented by R. H. (Bud) McKague, M. O. Delichte, and A. E. Ens.

K. P. Leppky, current District No. 9 member, resides in the municipality of DeSalaberry. Administration By-Law No. 1/96, passed at a Special General Meeting on July 19, 1996, moved the municipality of DeSalaberry to District No. 7. Therefore, an election will take place in District No. 9 to elect a member to serve the remainder of K. P. Leppky's term, i.e. a two year period.

District Meetings

There were a total of twelve spring district meetings held in the nine districts of the province during the period April 9 to April 25, 1996.

In accordance with Administration By-Law 1/96 of the Board, Annual District Meetings were held during the period October 1 to 31, 1996. Notice of meeting, accompanied by municipal breakdown for the districts, was mailed to all registered producers in the province.

Committees

The Board has seven standing committees namely Executive, Environment, Finance, Milk Pricing, Product Promotion, Transportation, and Research in which Board members participate.

In addition the Board names members to several provincial and national organizations such as Dairy Farmers of Canada (DFC), Canadian Milk Supply Management Committee (CMSMC), Keystone Agricultural Producers (KAP), Manitoba Milk Recording Corporation (MMRC), Agriculture in the Classroom, and Manitoba Farm Animal Care. This involves an estimated 55 days per year.

In 1995/96, two of the executive participated in the pooling discussions with other provinces from the east and west, totalling 26 days spent in meetings.

EXECUTIVE: N. Van Ryssel, K. P. Leppky, C. Finnie

ENVIRONMENT

Wm. Swan

FINANCE

C. Finnie
H.M. Jameson
N. Van Ryssel

MILK PRICING

C. Finnie
K.P. Leppky
N. Van Ryssel

AGRICULTURE IN THE CLASSROOM

R. Pelletier

CANADIAN MILK SUPPLY MANAGEMENT

N. Van Ryssel
K.P. Leppky / Alternate: C. Finnie

DAIRY FARMERS OF CANADA

N. Van Ryssel

DFC Representatives
R. Pelletier
W. Swan

DFC Promotion
K. P. Leppky

KEYSTONE AGRICULTURAL PRODUCERS

Wm. Swan

PRODUCT PROMOTION

H. M. Jameson
K.P. Leppky
R.H. McKague
R. Pelletier

RESEARCH

K.P. Leppky

TRANSPORTATION

M.O. Delichte
A.E. Ens
R. Pelletier
Wm. Swan

MANITOBA AGRIC. EMPLOYMENT DEVELOPMENT

K.P. Leppky
C. Finnie
T. Holtmann
L. Tully

MANITOBA FARM ANIMAL COUNCIL

Wm. Swan

MANITOBA FORAGE COUNCIL

M. O. Delichte

MANITOBA MILK RECORDING

M.O. Delichte

DISTRICT NO. 1

ONE YEAR TERM

Ted Andres, Box 126, ROBLIN, ROL 1PO, 1-937-2922 (Andres Ranch Farm)
Ron Boerchers, Box 19, LAURIER, ROJ 1AO, 1-447-2624
Mark Donohoe, Box 1633, MINNEDOSA, ROJ 1EO, 1-204-874-2118 (Malarky Ltd.)

TWO YEAR TERM

Gerald DeVries, R.R. #1, OCHRE RIVER, ROL 1KO, 1-733-2215
Guy Huberdeau, Box 112, ST. LAZARE, ROM 1YO, 1-683-2389 (Hudeau Holsteins Ltd.)
Milton Kern, Box 965, SWAN RIVER, ROL 1ZO, 1-734-3610

THREE YEAR TERM

Wm. Crowe, Box 337, GILBERT PLAINS, ROL OXO, 1-548-2401
Jean-Marie Simard, P.O. Box 185, ST. LAZARE, ROM 1YO, 1-683-2274 (Ferme Laitiere Alouette Ltee)
Mark Morton, Box 158, MINIOTA, ROM 1MO, 1-567-3524

DISTRICT NO. 2

ONE YEAR TERM

Robert Lamont, Box 405, VIRDEN, ROM 2CO, 1-748-3580
George Curtis, Box 17, Site 50, R.R. 5, BRANDON, R7A 5Y5, 1-728-1982
Gordon Currah, Box 235, HARTNEY, ROM OXO, 1-858-2101

TWO YEAR TERM

Garth Hockley, Box 21, R.R. #2, BRANDON, R7A 5Y2, 1-728-9157
Ian Brown, Box 683, DELORAINE, ROM OMO, 1-747-3119
William Dunlop, Box 1178, SOURIS, ROK 2CO, 1-858-2284

THREE YEAR TERM

Bob Mowatt, Box 142, R.R. #1, BRANDON, R7A 5Y1, 1-728-2093 (Inganess Dairy)
Gary Donohoe, Box 16, Grp. Site 200, BRANDON R7A 5Y1, 1-728-0080
Wayne Arthur, Box 157A, R. R. #1, BRANDON, R7A 5Y1, 1-728-5364 (Gentrice Farms Ltd.)

DISTRICT NO. 3

ONE YEAR TERM

Gilbert Phillippe, Box 93, ST. CLAUDE ROG 1ZO, 1-204-379-2392 (Philgo Farms)
James Spiers, Box 679, GLADSTONE, ROJ OTO, 1-385-2269
Alan Marsh, Box 592, MACGREGOR, ROH ORO, 1-685-2032

TWO YEAR TERM

Brian Palas, Box 38, OAKVILLE, ROH OYO, 1-267-2088 (3112276 Manitoba Ltd.)
Toby Trimble, Box 625, PORTAGE LA PRAIRIE, R1N 3B9, 1-857-8040
Harry Blankvoort, Box 205, MACGREGOR, ROH ORO, 1-685-2537

THREE YEAR TERM

Hans Borst, Box 284, ELM CREEK, ROG ONO, 1-436-2032 (Halarda Holsteins)
Ron Kalberg, BAGOT, ROH OEO, 1-685-2270
Bob Davey, Box 95,WESTBOURNE, ROH 1PO, 1-204-274-2490

DISTRICT NO. 4

ONE YEAR TERM

Ed Wytinck, Box 207, CYPRESS RIVER, ROK OPO, 1-743-2202
Ken Dowd, Box 28, GLENBORO, ROK OXO, 1-827-2709
Rick Mangin, BRUXELLES, ROG OGO, 1-526-2138

TWO YEAR TERM

Ron Wytinck, Box 113, CYPRESS RIVER, ROK OPO, 1-743-2067
Lawrence Van Den Bossche, BRUXELLES, ROG OGO, 1-526-2093
Daniel Devloo, Box 70, CYPRESS RIVER, ROK OPO, 1-743-2160 (Dancon Holsteins)

THREE YEAR TERM

Dwight Crawford, R. R. 2, MANITOU, ROG 1GO, 1-242-3340
Roger Delorme, ST. ALPHONSE, ROK 1ZO, 1-836-2625
Raymond Mangin, BRUXELLES, ROG OGO, 1-526-2523 (Raya Farms)
Alternate - Herman Siemens, Box 82, SNOWFLAKE, ROG 2KO, 1-876-4751

DISTRICT NO. 5

ONE YEAR TERM

Carl Johanson, Box 847, ARBORG, ROC OAO, 1-376-2614
Kelly Beirnes, Box 171, STONY MOUNTAIN, ROC 3AO, 1-344-5214
Mark Fleury, Box 30, MARQUETTE, ROH OVO, 1-375-6687 (Fleury Agri Ltd.)

TWO YEAR TERM

Brian Boonstra, Box 7, MARQUETTE, ROH OVO, 1-322-5407
Brian Elliot, Box 71, STONEWALL, ROC 2ZO, 1-467-8620
Ray Palsson, Box 491, RIVERTON, ROC 2RO, 1-378-2463

THREE YEAR TERM

Brian Bottrell, Box 221, ERIKSDALE, ROC OWO, 1-739-5228 (Danbee Holsteins Ltd.)
Henry Hueging, R. R. #1, WOODLANDS, ROC 3HO, 1-343-5225
Paul Humeny, Box 488, ARBORG, ROC OAO, 1-204-664-5423

DISTRICT NO. 6

ONE YEAR TERM

Urs Schlup, Box 804, BEAUSEJOUR, ROE OCO, 1-268-3359
Les Krahn, Box 582, NIVERVILLE, ROA 1EO, 1-388-6387
Johnny Stefkovic, R. R. #1, DUGALD, ROE OKO, 1-853-2080

TWO YEAR TERM

Albert Hinrichs, Box 159, WHITEMOUTH, ROE 2GO, 1-348-2273
Henry Holtmann, ROSSER, ROH 1EO, 1-467-8065 (Rosser Holsteins)
Harm Sikkenga, Box 85, WHITEMOUTH, ROE 2GO, 1-348-2120)

THREE YEAR TERM

Myron Gavaga, Box 110, R.R.5, WINNIPEG, R2C 2Z2, 1-222-8878 (Dunderave)
Ron Van Walleghem, Box 39, GLENLEA, ROG OSO, 1-882-2320
Allan Grenkow, Box 56, R. R. 2, WINNIPEG, R3C 2E6, 633-2159
Alternate - Konrad Bachmann, Box 84,WHITEMOUTH, ROE 2GO, 1-348-7792

DISTRICT NO. 7

ONE YEAR TERM

Marcel Delorme, ST. JOSEPH, R0G 2C0, 1-737-2345 (Delorvale Holsteins)
Harvey Friesen, Box 254, R.R. #2, MORDEN, R0G 1J0, 1-822-3837
Bernie Zacharias, R.R. #1, Box 40, WINKLER, R6W 4A1, 1-325-8634

TWO YEAR TERM

Leo Leclair, Box 349, LETELLIER, ROG 1CO, 1-737-2650 (Lecla Holsteins)
Hans Gorter, Box 22, OTTERBURNE, ROA 1GO, 1-433-7538 (Optimist Holsteins)
Ed Hoeppner, Box 306, R.R. #3, MORDEN, ROG 1JO, 1-822-3724 (Hoeppner Holsteins)

THREE YEAR TERM

Les Desharnais, Box 372, ST. PIERRE ROA 1VO, 1-433-7945 (Destein Farms Ltd.)
Ken Thiessen, R. R. 1, Box 482, WINKLER, R6W 4A1, 1-325-5209 (B & K Farms)
Larry A. Penner, Box 454, ALTONA, ROG OBO, 1-327-5282

DISTRICT NO. 8

ONE YEAR TERM

Ed Oswald, Box 263, STEINBACH ROA 2AO, 1-204-326-2991 (Cottonwood Holsteins)
David Gromniski, Box 220, LA BROQUERIE, R0A 0W0. 1- 424-5679
Real Nadeau, Box 313, LA BROQUERIE, ROA OWO, 1-204-424-5018 (Rock Royal)

TWO YEAR TERM

Noel Bremaud, LA BROQUERIE, ROA OWO, 1-424-5598
Robert Jowett, Box 239, LA BROQUERIE, ROA OWO, 1-424-5170
Martinus DeKlein, Box 141, LA BROQUERIE, ROA OWO, 1-424-5594

THREE YEAR TERM

Reg Plett, Box 84, GIROUX, ROA ONO, 1-326-2609 (Rumardale Holsteins)
Raymond Vielfaure, Box 266, LA BROQUERIE, ROA OWO, 1-424-5456
Rudy Hausammann, Box 241, LA BROQUERIE, ROA OWO, 1-424-5417, (Hausammann & Sons)

DISTRICT NO. 9

ONE YEAR TERM

A. Dueck, Box 132, KLEEFELD ROA OVO, 1-377-4766 (Four Oak Farms)
Calvin Grienke, Box 2277, STEINBACH, R0A 2A0, 1-326-2607
John Schroeder, Box 204, KLEEFELD, R0A 0V0, 1-377-4233 (Bluesand Dairy)

TWO YEAR TERM

Sonny Peters, Box 113, NEW BOTHWELL, ROA 1CO, 1-388-4413 (Sonnyside)
Earl Borkowsky, Box 3501, STEINBACH ROA 2AO, 1-326-4734
Willy Peters, Box 29, RANDOLPH, ROA 1LO, 1-377-4409 (Herbsigwil Ltd.)

THREE YEAR TERM

Meinrad Signer, Box 306, KLEEFELD, ROA OVO, 1-377-4186
Mel Koop, Box 133, KLEEFELD, ROA OVO, 1-377-4730 (Raytex Holsteins)
Ernest Froese, Box 9, GRUNTHAL ROA ORO, 1-434-6451, (Ravenbrook Holsteins)

MILK MARKETING 1995/96

Manitoba Milk Producers marketed 275.454 million litres, worth $145.793 million, in 1995/96. The net value of milk sales, on behalf of producers, was up $1.07 million or 0.85% on a little less milk.

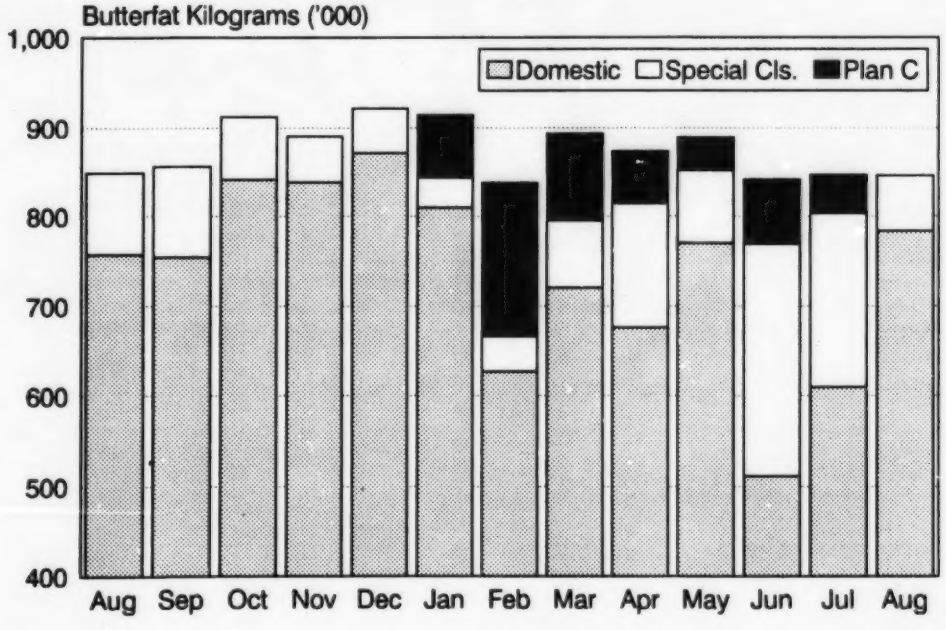
In total, 823 milk producers sold an average of 332,670 litres each during 1995/96.

A new feature in the 95/96 Manitoba pool was the introduction of the special class pricing to meet import competition and the monthly 9 province special class pool adjustment. These adjustments were aggravated by surplus removal through a new Canadian Dairy Commission program called "Plan C" surplus removal.

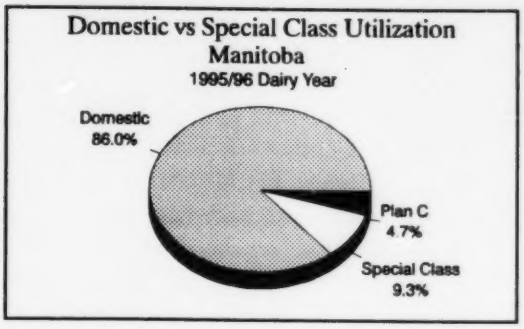
The following graph shows strong domestic demand in August to December then more variable demand and "Plan C" activity in the Manitoba pool.

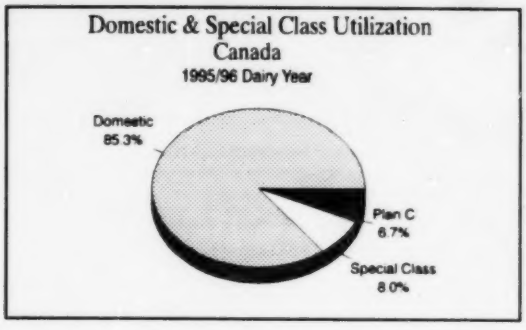
Domestic vs. Special Class Production

1995/96 Dairy Year



The following pie graphs show the year's results for Manitoba and Canada.

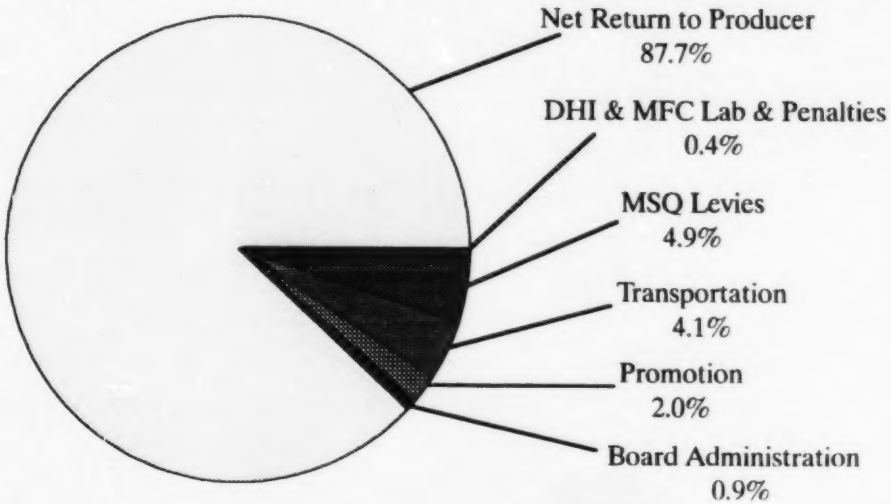




These results would suggest that Manitoba producers revenue will be variable from month to month as compared to the 94/95 year. A national pool will tend to smooth out this variability.

Manitoba Producer Returns

1995/96 Dairy Year



M.C.P. POOL SUMMARY AUGUST,1995 - JULY,1996

MILK UTILIZATION		LITRES	CLASS PREMIUM	GROSS REVENUE
Class 1	- Fluid Milk	111,704,645	$12.68	$14,168,381.30
Class 2	- Fluid Creams	7,082,391	$4.91	$347,761.07
Class 2A	- Cottage Cheese	6,312,814	$2.53	$159,966.19
Class 2B	- Ice Cream Mixes	5,116,392	$2.24	$114,822.38
Class 3	- Cheddar Cheese	57,333,870	($0.10)	($57,844.84)
Class 3A	- Mozzarella Cheese	35,536,059	$0.11	$39,761.62
Class 4	- Specialty Cheese	4,431,595	$1.09	$48,497.91
Class 5	- Butter/Powder	33,212,590	$0.00	$0.00
Class 6	- New Products	15,529	$0.00	$0.00
Class 7	- Inventories	(91,681)	$0.00	$0.00
Class 9	- Special Class Milk	14,671,454	$0.00	$0.00
Unsaleable	- Antibiotic Milk	128,790	$0.00	$0.00
MANITOBA PRODUCTION		275,454,448		$14,290,212.59
ADD :INDUSTRIAL LEVY INTEREST				$235,677.88
LESS COMPONENT/METER SHRINK				$704,017.53
:PRODUCTION OVER D.E.		0		
:PRODUCTION (2% SLEEVE)		0		
:PRODUCTION OVER T.A.P.		5,849,482		
:INSTITUTIONAL		29,361		
IN D.E. / IN TAP PRODUCTION (Eligible for Class Premium)		269,575,605	$5.12727	$13,821,872.94

COMPONENTS BREAKDOWN	DISTRIBUTION WEIGHT	POOL FACTORS		POOL REVENUES	AVERAGE Kg/Hl
BUTTERFAT	10,519,918.752	$4.97850	/kg	$52,373,393.60	3.81911
PROTEIN	9,236,606.875	$7.38332	/kg	68,196,841.45	3.35322
OTHER SOLIDS	15,510,393.786	$0.70126	/kg	10,876,868.61	5.63084
CLASS PREMIUM	2,695,756.050	$5.12727	/HL	13,821,872.94	
GROSS POOL REVENUE	>>>>

DAILY QUOTA

1995/1996 Dairy Year:

Producers Daily Quota remained unchanged for the 1995/96 dairy year. Total daily quota issued was 10,404,007 kg (28,504 kg daily).

1996/1997 Dairy Year:

Producers Daily Quota was increased 1% August 1, 1996 due to increased fluid sales in Manitoba. In addition, a 5% cover off program was implemented for the period August 1 to January 31, 1997.

Daily Quota issued August 1,1996 was 28,955 kg.

CREAM QUOTA SUMMARY

Farm separated cream production totalled 56,101 kg of butterfat for the dairy year ending July 31, 1996.

As of August 1, 1996 Manitoba has 58 registered cream producers holding a total of 54,692 kg of annual butterfat MSQ. The 1996/97 cream production is estimated to be 48,000 kg of butterfat.

QUOTA EXCHANGE ACTIVITY 1995/96 DAIRY YEAR:

	Milk	Cream	Total
Total Quota Offered for Sale	4,364.79	88.06	4,452.85
Total Quota Sold on the Exchange	1,275.86	32.29	1,308.15

Average Clearing Price = 9,819.04/kg
(Weighted Avge.)

Movement of Quota by District;

District #	Quota Purchased	Quota Sold
1	50.90	134.89
2	42.60	68.12
3	275.97	209.27
4	128.32	81.31
5	117.07	243.60
6	203.39	207.89
7	43.03	118.62
8	246.75	244.05
9	229.52	230.77

SUMMARY OF QUOTA REALLOCATIONS THROUGH TRANSFER 1995/96

Type of Transfer	# Approved	kg Quota Transferred
Complete Farm Sales	11	402.73
Complete Family Sales	22	605.80
Farm Incorporations	14	965.03
Partial In Family	4	53.86
Totals	51	2,027.42

INTERPROVINCIAL POOL DEVELOPMENTS

In 1995/96 Manitoba Milk Producers participated with New Brunswick, Nova Scotia, Ontario, Prince Edward Island and Quebec in fine tuning the All Milk Pool Agreement for the six provinces.

Late in the winter, discussions began on a Western Milk Pool which was not finalized by year end.

A national pool involving all nine industrial milk producing provinces to use discriminatory pricing and operate surplus removal and special milk component pricing programs ran from August 1, 1995 to July 1995.

The Special Class Pool as it is called, operated all year long and was successful in replacing the old levy system used prior to August 1, 1995.

MILK PRODUCTION

Manitoba Milk Producers marketed 275.454 million litres of milk during 1995/96. This represents a decrease of 2.85 million litres while the butterfat content increased from 3.75 to 3.82 representing an increase in butterfat production of 1.6%.

Coincidentally the protein content increased in 1995/96 yielding higher revenue to producers of $1.08 million.

	1994/95	1995/96
Protein	3.338	3.353
Butterfat	3.752	3.819
Other Solids	5.633	5.631

Report on Production Activity

During 1995/96 the number of Manitoba milk producers declined. In July 1996 there were 823 producers compared with 876 in July 1995.

A total of 33 new producers entered the industry in 1995/96, 22 from in-family transfers, 11 from purchase of on going operations.

There were 58 farm separated cream producers in July 1996 compared with 74 in July 1995. Farm separated cream producers shipped 56,101 kg of butterfat in 1995/96 or 95 % of their total quota. This was a decline of 76,837 kg of butterfat from the previous year. One Manitoba creamery continues to accept farm separated cream. This creamery also purchased fluid and industrial milk skim off cream.

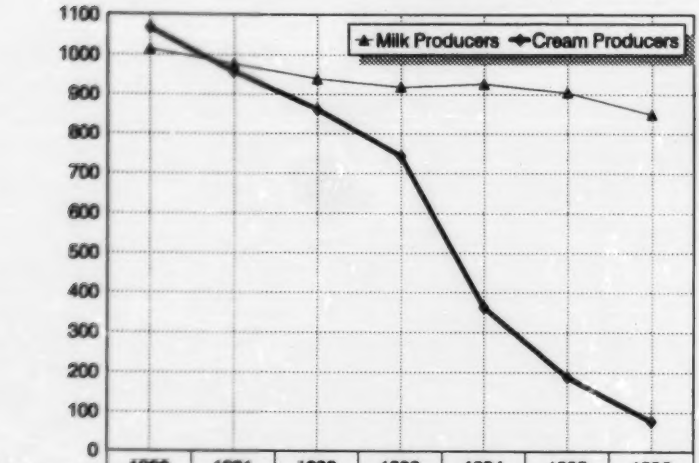
Milk Marketing to Processors

At year end Manitoba Milk Producers marketed to nine processing plants owned by five processing companies. These consisted of 3 fluid milk plants, and 6 industrial milk plants.

Fluid plants receive milk on demand and consumed 111.7 million litres or 41% of total milk marketed. Industrial milk plants receive milk on the basis of traditional allocations set each year after skim off adjustments have amended the provincial market share quota. Milk in excess of the aggregated traditional allocations was marketed to highest classification. Industrial milk plants processed 163.7 million litres of milk into a wide range of dairy products. About 70% was used to make cheese. All of Manitoba's milk is processed in Manitoba and is 100% value added.

Number of Dairy Farms

Milk and Cream Producers



Yearly Average

Raw Milk Quality Improvement Program

In 1995/96 Manitoba Milk Producers goal was to increase milk producers awareness of the importance of raw milk quality. Quality milk is essential to maintain consumer confidence in the flavour, keeping quality and safety of dairy products.

Inhibitor Awareness and Testing

To ensure processor and consumer confidence in the safety of the raw milk supply, Manitoba Milk Producers implemented a producer education program using the "Inhibitor Prevention Kit". The kit was distributed to all milk producers. The kit contained three key inhibitor management messages - identify treated animals, keep records of treatment and test milk with an inhibitor test kit prior to offering milk for sale.

A series of meetings during the year focused on inhibitor prevention.

A network of trained volunteers has been established all over Manitoba to provide local inhibitor testing for producers. (See attached volunteer list.) In addition to the Antibiotic Test Kit volunteer network, the following three programs have been implemented:

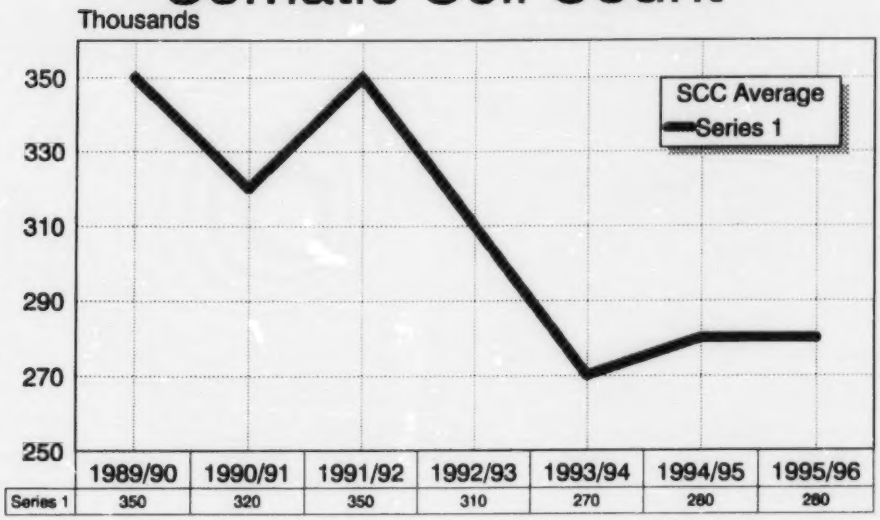
Quality Group

In advance of the implementation of the National Dairy Code Standards for raw milk quality, Manitoba Milk Producers held meetings and wrote many monthly newsletter articles about the August 1, 1996 changes to standards and penalties for failing to meet the standard.

In cooperation with Manitoba Agriculture, producers with chronically high Somatic Cell Counts, have been encouraged to improve their milk quality. The quality group works with the producer to establish a plan of action that will bring effective results to producers that are willing to work on their problem.

In advance of the new standards, producers responded by decreasing the monthly Somatic Cell Count average.

Manitoba Average Annual Somatic Cell Count



Quality Awards

Producers efforts in the area of raw milk quality improvements are paying dividends. Penalties were down in 1995/96 in all quality areas. In addition, 115 producers received a gold milk quality award certificate and 116 producers received a milk quality merit award certificate during the year.

Flavour Panel

In cooperation with Manitoba Agriculture, Processors, and Transport drivers, milk samples are monitored on a monthly basis for flavour problems. Producer samples that do indicate a flavour problem, or potential problem are notified immediately, and provided with information and assistance from the local dairy inspector, and livestock specialist on possible causes of off flavour milk.

Courtesy Calls

Daily calls are made by Manitoba Milk Producers staff to any producer whose milk sample is above the acceptable level for Plate Loop Count, Somatic Cell Count or Water as tested by the Provincial Dairy Lab. The calls are also followed up with a letter to ensure that the producer is notified as quickly as possible of a potential milk quality problem.

VOLUNTEER TESTING NETWORK

DISTRICT #1

Ron Boerchers	Laurier	447-2598
Milton and Hannah Kern	Swan River	734-3610
Roy and Linda Savage	Eden	966-3395
Jean-Marie and Eugene Simard	St. Lazare	683-2232

DISTRICT #2

Ian and Dorothy Brown	Deloraine	747-3119
Robert and Hazel Lamont	Virden	748-3580
Bob and Betty Mowatt	Brandon	728-2093

DISTRICT #3

Harry and Antoinette Blankvoort	MacGregor	685-2537
Jonty and Tim Hofer	Elie	353-2827

DISTRICT #4

Henry and Maurice Delichte	St. Alphonse	836-2535
Kenn and Mercedes Dowd	Glenboro	827-2838
Rosanna and Jackie Hughes	Killarney	523-8565

DISTRICT#5

Brian and Ed Bottrell	Eriksdale	739-5362
Tom and Linda Crockatt	Woodlands	383-5476
Carly and Gayle Johanson	Arborg	376-2614

DISTRICT#6

Albert Hinrichs	Whitemouth	348-7665
Hanna Schlup	Beausejour	268-3359
Sam Waldner	Headingley	633-2866
Nell and Rosalie Van Ryssel	Oakbank	444-2806

DISTRICT#7

Don and Marcel Delorme	St. Joseph	737-2259
Ken and Roberta Leppky	Otterburne	433-7537

DISTRICT #8

Arien Grenier	Woodridge	429-2058
Marcel Pelletier	La Broquerie	424-5587
Real and Pierre Nadeau	La Broquerie	424-5018 or 4245101

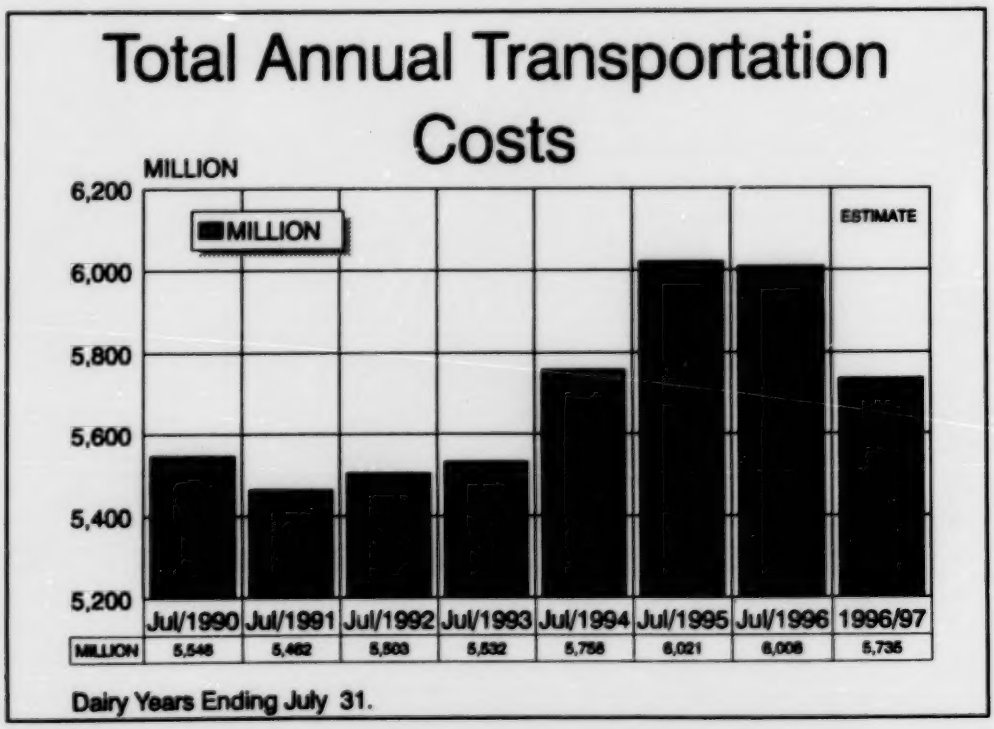
DISTRICT #9

Michael Andres	Steinbach	326-2718
Harry and Alec Kehler	Randolph	377-4407
David and Linda Reimer	Grunthal	434-9822

TRANSPORTATION

As transportation is the costliest item associated with the marketing of milk; the board of directors of Manitoba Milk Producers focused more attention on this item during the past year. This process began at the Board's planning session . At that session the directors determined that the cost of moving milk to market was above the average of other provinces. It was decided that a cost reduction must be achieved. Past efforts at containing costs through various initiatives had met with differing levels of success; they were deemed insufficient in light of evolving pooling concepts. A review of the transporter rate formula served to highlight several items where further cost reductions may be attainable. The most evident was an item called "profit factor"; which allowed transporters a rate of ten percent of fixed and variable costs. In today's business climate this type of approach is not defensible. It may even serve as a disincentive for keeping costs at minimum levels. Since transporter initiatives to reduce costs through rationalization could not achieve the reduction goal, the "profit factor" rate was reduced to five percent of cost, effective August 1, 1996. This is one half of the original allowance and is projected to reduce total payments by about four percent; if all conditions remain constant.

It is also the directors intention that progress continues to be made on transporter route rationalization. This is an area where transporter input and co-operation are much valued and appreciated. Each year, with fewer and larger farms to service, and fewer plants to deliver to; the timing for pick up and delivery becomes much more critical if equipment is to be utilized to optimum efficiency. If this segment of the process is to be successful, co-operation between producers, transporters and processors is essential. More flexibility on the part of all concerned will provide for a more cost efficient transportation system.



During the past year the volume of milk hauled decreased by 1.03%, while the dollars paid for transportation declined by 0.22% over the previous year. The cost per hectolitre was $2.181 as compared to last year's $2.163. The cost of diversions decreased by over 27%; an area of transportation cost that continues to show marked improvements due to more diligent planning. The variances between manifest and meter volumes increased from 0.26% last year to 0.33% this year; with approximately 72.6% of all milk marketed being sold on the basis of approved in-plant meters.

Facts and Figures

	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
No. of Haulers	26	24	20	20	19	19
No. of Tandems	44	39	36	34	33	28
No of Trailers	5	6	6	7	8	11
No. of Routes	112	104	101	105	107	100
Estimated annual distances (km)	3810000	3795000	3732000	3731000	3823000	3737000
No. of HL hauled/km	0.686	0.675	0.673	0.684	0.686	0.737

As the table above shows, last year, a reduction in the number of units used to haul milk on fewer routes with lower total distances, translated into a significant improvement in the efficiency measurement. A large part of these results are due to the efforts of bulk milk transporters and drivers, and they are very much appreciated by all milk producers.

PRODUCT PROMOTION

Fluid Milk

During the 1995/96 dairy year, Manitoba Milk Producers demonstrated their support for fluid milk marketing by investing an additional 50% in funds towards advertising and promotion. In return for this increase in funding, Manitoba Milk Producers established an annual fluid milk sales objective of a 1 to 2% increase over the previous year. We are pleased to report that the increased funding resulted in an annual sales increase of 3.63% for the 1995/96 dairy year over the previous year, surpassing the original sales objectives.

The sales increase can largely be attributed to the **"got milk?"** campaign addressing new marketing strategies which were developed in response to Manitoba's changing demographics. As Manitoba's population continues to age, Manitoba Milk Producers is faced with the light milk drinker group (aged 30+ years) growing as a percentage of our population. New strategies were developed to help target this aging population at locations where they are making their purchasing decisions. These strategies include: the maintenance of the young adult and teen market; the development of a new adult target market aged 25 to 49 years (concentrating on the female consumer who makes the purchasing decisions for the household); the blending of advertising with strong in-store cross-promotions (approximately 70% of purchasing decisions are made in the store); and the building of strong relationships with all members of the distribution channel, including processors, retailers , and consumers.

Advertising

All across Manitoba, the two infamous words **"got milk?"** echoed through grocery stores, homes, offices, and motor vehicles as consumers were constantly reminded about whether they had enough milk in the fridge. Throughout the year, all levels of advertising worked synergistically to build awareness and consequently sales of milk across Manitoba. Supported by the 50% increase in funding, Manitoba Milk Producers was able to advertise in all mediums throughout the year, including television, outdoor, radio, in-store and newspaper.

The milk deprivation message was delivered through seven television ads that aired throughout all of Manitoba. The ads featured entertaining situations where people ran out of milk, such as the wife learning about her husband's time in jail as she ran out of milk; the airplane pilot who could not get his milk due to a peanut stopping the milk tray; and of course the poor Trix bunny who finaily got his Trix cereal but ran out of milk. In addition to the television ads, the **"got milk?"** logo flashed at least 13 times per day during popular television shows reminding consumers of our milk message.

A tracking study performed in April 1996 proved the television ads to be very intrusive with outstanding levels of recall. Of the 204 people surveyed by telephone in Winnipeg, 96% of the people remembered the TV ads when prompted with a verbal description of the ad and 46% remembered the TV ads without a prompt. The study also revealed that consumers continue to find the **"got milk?"** campaign to be likeable, unique/different and fun/entertaining. In addition, 90% of the respondents claimed that the advertising conveys a suitable image for milk. All these figures far exceed standards of excellence that have been established by the top advertising campaigns in Canada and also

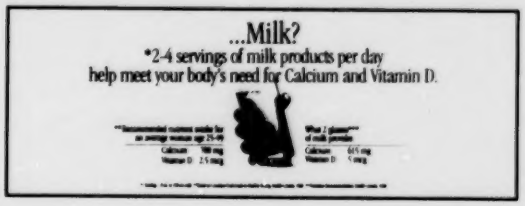
exceed any previous tracking results for milk advertising.

In addition to television, four different images of outdoor billboards ran in major markets, including Winnipeg, Brandon, Dauphin, and Portage la Prairie. The billboards were designed to ask people if they had enough milk during their drive home while at the same time stimulating their appetites with co-dependent foods, such as brownies, Oreo cookies, and peanut butter and jelly sandwiches. The April tracking study confirmed that awareness of outdoor advertising was strong with about seven in ten people saying that they have seen the **"got milk?"** billboard ads.

Radio was added to the mix in the spring season when Manitoba Milk Producers featured the series entitled "The town without milk" in the Brandon, Winnipeg and surrounding markets. Once again the milk deprivation message was delivered over the radio waves asking consumers whether they have milk in their town. Radio promotional contests were held on CitiFM and QX104 which provided listeners with a chance to win prizes if they called into the station when they heard **"got milk?"**.

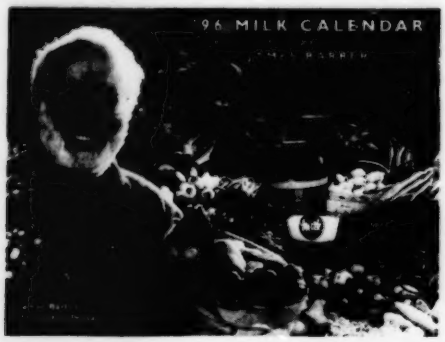
Several **"got milk?"** signs were placed in grocery stores across Manitoba specifically beside foods consumed frequently with milk including cereal, cookies, peanut butter and brownies. Consumers could not go anywhere without being reminded of whether they **"got milk?"** in their fridge!

The **"got milk?"** campaign was complimented by a nutrition promotion which featured several ads in the Winnipeg Free Press during March Nutrition Month. Consumers were armed with information on why they should drink a minimum of 2 glasses of milk per day, supported with calcium, lower fat, and nutrient content claims. This campaign proved to be an excellent example of ongoing departmental team work and synergy, as Product Promotion worked closely with Nutrition Education in the development of these nutrition messages designed to convince consumers to drink more milk.



The additional marketing funds also supported an increase in the distribution of the Milk Calendar. It is approximated that about 15% of milk is consumed as an ingredient in recipes. This high consumption figure prompted Manitoba Milk Producers to increase the distribution of the 1996 Milk Calendar to over 135,000 copies. Calendars were distributed through the Winnipeg Free Press, as well as through Home Delivery drivers. Several phone calls were received by happy consumers complimenting Manitoba Milk Producers on the calendar and applauding the increase in the

calendar circulation through the newspaper. As a result of the positive consumer response and sales results, we look forward to a bigger and better calendar distribution for the 1997 Calendar!



Promotion

The increase in funding also allowed Manitoba Milk Producers to partner with other organizations in cross-promotions throughout the year. The relationship with processors strengthened as the 1995/96 dairy year progressed resulting in "win-win" promotions with processors and retailers. In addition to working with processors and retailers, Manitoba Milk Producers built new relationships with national brand companies.

In November 1995, Manitoba Milk Producers worked closely with processors and retailers to deliver a multifaceted "got chocolate milk? promotion. The fact that Manitoba has shown the greatest chocolate milk sales increase across the country provided us with the opportunity to internalize the chocolate milk sales potential into the popular **"got milk?"** message. The promotion included a coupon to save money on chocolate milk through participating processors, nutrition messages indicating why chocolate milk is as nutritious as white milk, a retailer merchandising contest combined with several pieces of point-of-purchase materials that were posted in grocery stores. The promotion was very successful with top participating stores achieving chocolate milk sales increases of over 600%! The promotion also had a positive effect on total fluid milk sales, with total sales for the month of November exceeding 5% over the same month last year. Due to the success of the promotion, similar promotions will be held at the school and retail level again in the upcoming dairy year.

During spring 1996, Manitoba Milk Producers established a profitable relationship with Christie Brown & Company's national marketing department. The result was a three week promotion in April/May featuring an in-store milk/cookie coupon for $1.00 off milk, in-store displays, and outdoor Oreo cookie billboards. Once again, sales reacted positively with April fluid sales reaching a 7% increase over the same month last year.

Working in partnerships with processors and national brand companies allows Manitoba Milk Producers' marketing dollars to stretch further to better reach its target market. The success of these promotions and relationships will continue to be capitalized upon next year.

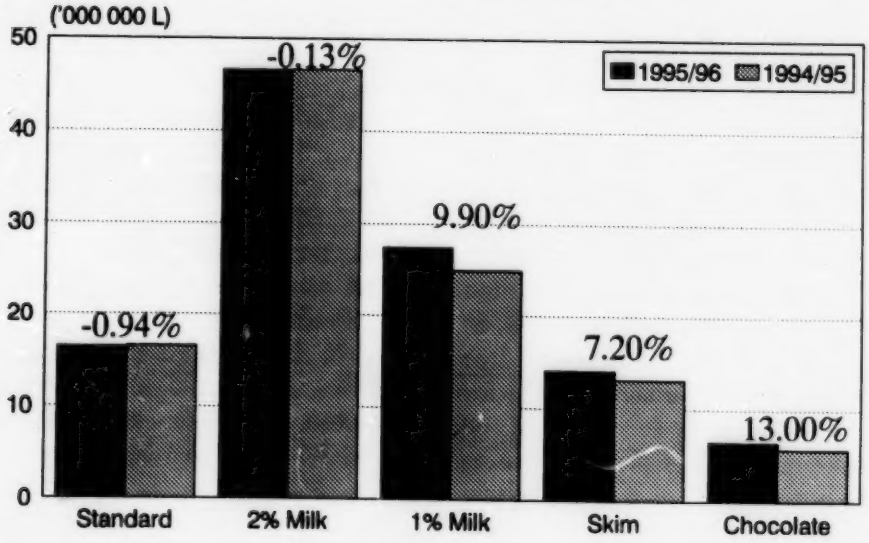
This year, Manitoba Milk Producers adopted Dairy Farmers of Ontario's "Made With Real Cream" logo to highlight whipping cream. The attractive logo featuring red, gold and black, appeared on all advertising and promotional material relating to cream. The campaign had two goals: to build a higher

awareness of the benefits of "Real Cream"; and to assist the consumer in identifying "Real Cream" at the grocery level and products containing "Real Cream".

Manitoba Milk Producers capitalized on two peak seasons for cream - the Christmas and Summer Fresh Berry seasons. Christmas featured outdoor billboard advertising, in-store and home delivery recipe brochures, as well as magazine advertisements in the December editions of Winnipeg Homes, Homemakers, Canadian Living and Readers Digest magazines. Manitoba Milk Producers once again worked jointly with the Manitoba Berry Growers for the Summer Fresh Berry season by distributing recipe brochures to U-Pick Berry Farms across Manitoba. In addition to this distribution, summer recipe brochures were distributed in grocery stores and through home delivery, and again through recipe feature sections in the June edition of Winnipeg Homes, Homemakers, Canadian Living and Readers Digest magazines.

MANITOBA FLUID SALES

1995/96 vs. 1994/95 Dairy Year



1995-96 SCHOOL MILK PROGRAM

The School Milk Program continues to have great success in the Manitoba School System, attracting 575 schools this year. This represents a 10% increase in the number of schools over last year.

At the beginning of the school year, all the elementary schools on the Milk Program received a curriculum-based video, entitled "The Milky Way", along with companion booklets and a teaching guide. This new educational package, made in collaboration with all the School Milk Programs from across Canada, teaches grade 3-5 students about milk and the milk industry in a fun and interactive way.

Two new complementary programs were developed and were very well received by all participating schools. At the elementary level, the newly developed "lunch to go!" brochure allowed us to carry the milk message into the homes and to highlight the convenience and the health benefits of having milk at school every day. It also included lunch box tips and an entry form for a chance to win a birthday party featuring "Winnie the Moo" and free chocolate milk. On the other hand, the "got chocolate milk?" promotion held at the retail level was adapted for use in the JR/SR High schools allowing us to capitalize on the investment made at the retail level and to build on the consumer awareness previously developed. The chocolate milk promotion consisted of a cafeteria decorating contest, an educational brochure with contest, and free milk give-aways. Dairies partnered with us for this promotion by donating an average of 100 free chocolate milk cartons per participating school. We hope to build on this relationship to maximize the outcome of school promotions, for the schools, dairies and Manitoba Milk
Producers.

The Manitoba Milk Producers Mascot, "Winnie-the-Moo", continues to be very popular. Over the last year, "Winnie" has made over 70 appearances at various schools and community sponsored events allowing us to increase milk visibility in a fun way.

Logo Marketing

In September of 1996, a Logo Marketing survey was sent to all dairy producers. The main goal was to find out if the present Logo Marketing services were meeting producers' needs. The feedback from the survey has been used to make the following changes to the Logo Marketing program: 1) Logo Marketing has returned to the Manitoba Milk Producers office where producers can see what they are buying. 2) The catalogue has been incorporated into the Milkline to allow seasonal product changes and to keep costs to a minimum. 3) Due to popular demand, the Manitoba Milk Producers Logo Marketing Program has now introduced the "got milk?" merchandise and is offering it to both producers and the general public. Producers benefit from a special price and the general public can purchase the merchandise at the regular retail price. 4) In order to keep the stock fresh and prices minimal for producers, only a few items will be offered in each new "got milk?" merchandise advertisement. The ads are scheduled to appear twice a year, in the fall and the spring. These new concepts were designed to help us serve you better. Your comments are always welcomed!

Overall we are pleased with the success of the School Milk Program and the new direction Logo Marketing has taken this year. We strongly feel that these two programs are important avenues through which we can continue to increase awareness of milk and its consumption in Manitoba.

NUTRITION EDUCATION

The 1995/96 dairy year presented new opportunities to profile milk and calcium messages in Manitoba.

While workshop requests remained steady from the school system, our contacts with childcare workers increased several fold. The increase in workshop requests is the result of a new program designed to deliver healthy eating information for preschoolers. The workshop highlights preschool nutrition information recently released by the federal government - with a very clear milk message: higher fat foods (which include whole milk) are acceptable choices; and children of this age shou'd consume at least 2 cups of milk each day! Our activity oriented workshop highlighting these 2 items was attended by over 600 childcare workers throughout Manitoba.

We have increased our time commitment to the Osteoporosis Society Chapter, and are pleased to report they use our material almost exclusively to deliver the calcium message. Several presentations were made to health professionals including pharmacists and family practice physicians.

Work with Manitoba Agriculture continues in two areas: The exposure of milk recipes in "Great Tastes of Manitoba" (a television cooking show), has increased dramatically as the show moved from cable to CKND. Phone response to our segments indicates viewership continues to increase. We have had an opportunity to participate in BST conference calls with Manitoba Agriculture and to write and edit drafts of BST consumer information sheets for an ad hoc committee.

We ended this dairy year on a high note forming a partnership with the Heart and Stroke Foundation of Manitoba. They will promote our milk recipes in their many programs including "Heart Smart" cooking courses, and we are investigating a co-sponsored education program in schools.

We look forward to furthering this year's work and increased opportunities for our milk and calcium message in the 1996/97 dairy year.

Chartered Accountants

DFK INTERNATIONAL

Partners:
John E. Hutchings, M.A. (Oxon), C.A.
Richard F. Hutchings, B.A., C.A.
Larry H. Frostiak, B.Sc., B.Ed., C.A.
William C. May, C.A.
Lawrence K. Eiler, B.A., C.A.
Myles L. Pouteau, B.Comm (Hons), C.A.
Associate:
Shirley Hurst, B.Comm(Hons), C.A.

To the Registered Producers of
Manitoba Milk Producers

We have audited the consolidated statement of financial position of Manitoba Milk Producers as at July 31, 1996, and statements of operations of milk pool fund, general fund, transportation fund, quota exchange, MFC Testing and Research Inc. and consolidated statement of changes in cash position for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly in all material respects, the financial position of the Corporation as at July 31, 1996, and the results of its operations and the changes in its cash position for the year then ended in accordance with generally accepted accounting principles.

Hutchings May + Co

Winnipeg, Manitoba
September 20, 1996

Chartered Accountants

AS AT JULY 31, 1996

Exhibit A

		1996		1995
CURRENT ASSETS:				
Cash	$	3,792,414	$	2,428,686
Accounts receivable		13,008,406		13,049,645
Prepaid expenses		84,570		134,548
Total current assets		16,885,390		15,612,879
CURRENT LIABILITIES:				
Producer cheques - unissued		10,767,150		10,722,770
Accounts payable and accrued liabilities		4,866,759		3,864,429
Total current liabilities		15,633,909		14,587,199
WORKING CAPITAL		1,251,481		1,025,680
PROPERTY, BUILDING AND EQUIPMENT:				
Cost		2,043,408		1,999,367
Less accumulated amortization		(1,027,255)		(889,450)
Net property, building and equipment		1,016,153		1,109,917
REGISTERED PRODUCERS' EQUITY AND CAPITAL EMPLOYED	$	**2,267,634**	$	**2,135,597**
Represented by the following:				
Corporation funds				
General (Ex.C)	$	2,268,983	$	2,369,183
Transportation (Ex.D)		-		-
Quota Exchange (Ex.E)		597,280		325,729
Subsidiary Company -				
MFC Testing and Research Inc. (Ex.F)		(598,629)		(559,315)
	$	**2,267,634**	$	**2,135,597**

Approved by the Members

Craig Finnie
Craig Finnie

Neil Van Ryssel
Neil Van Ryssel

FOR THE YEAR ENDED JULY 31, 1996

Exhibit B

	1996	1995
INCOME:		
Milk sold to processors	$ 145,558,171	$ 145,527,279
Industrial levy interest	235,396	268,830
Total income	145,793,567	145,796,109
DISTRIBUTION:		
Payments to producers	127,926,594	126,956,168
Deductions for Corporation controlled funds:		
General (Ex.C)	4,186,794	4,090,752
Transportation (Ex.D)	6,017,555	6,032,617
Deductions determined by others:		
Canadian Dairy Commission	7,098,360	8,092,887
Manitoba Milk Recording Corporation	82,635	83,465
Keystone Agricultural Producers	52,700	58,100
Other deductions:		
Quality penalty levy (Ex.C)	171,021	156,300
Food Bank donations	65,097	130,996
MFC Testing and Research Inc. (Ex. F)	192,811	194,824
Total distribution	145,793,567	145,796,109
UNDISTRIBUTED INCOME FOR THE YEAR	-	-
APPROPRIATION TO GENERAL FUNDS	-	-
UNDISTRIBUTED INCOME AT BEGINNING AND END OF THE YEAR	$ -	$ -
VOLUME OF MILK (in thousand litres)	275,454	278,310

STATEMENT OF GENERAL FUND OPERATIONS

FOR THE YEAR ENDED JULY 31, 1996

Exhibit C

	1996	1995
INCOME:		
Deductions (Ex.B)		
Milk producers	$ 4,186,794	$ 4,090,752
Quality penalties	171,021	156,300
Cream producers	3,873	8,641
Interest	239,610	229,361
	4,601,298	4,485,054
EXPENSE:		
Amortization	52,198	63,916
Antibiotic milk losses	77,093	140,144
Bad debts	-	24,746
Communication	87,176	77,404
Industrial interest allocated to milk pool	235,396	268,830
Meetings and seminars	61,653	70,052
Members (Note 4)	314,485	296,649
Memberships and grants	111,369	84,343
Milk sample costs	65,080	69,738
Northern producer payments	18,090	38,400
Occupancy	73,459	69,958
Office supplies	73,462	73,123
Professional fees	158,981	189,366
Salaries and benefits	772,200	729,729
Staff travel	81,242	75,922
Other	40,842	34,372
Media advertising		
Dairy Farmers of Canada	1,205,971	1,578,786
Provincial	1,114,732	647,517
Promotional materials	145,811	139,252
Special event sponsorship	68,861	52,840
Expense recovery	(56,603)	(62,466)
	4,701,498	4,662,621
NET INCOME (LOSS) FOR THE YEAR	(100,200)	(177,567)
RETAINED INCOME AT BEGINNING OF THE YEAR	2,369,183	2,546,750
RETAINED INCOME AT END OF THE YEAR	$ 2,268,983	$ 2,369,183

FOR THE YEAR ENDED JULY 31, 1996

Exhibit D

	1996	1995
INCOME:		
Deductions (Ex.B)	$ 6,017,555	$ 6,032,617
EXPENSE:		
Transporter payments:		
Assigned plant deliveries	5,885,020	5,885,906
Diversions	38,035	52,211
Salaries and benefits	94,500	94,500
	6,017,555	6,032,617
NET INCOME FOR THE YEAR	-	-
RETAINED INCOME AT BEGINNING OF THE YEAR	-	-
RETAINED INCOME AT END OF THE YEAR	$ -	$ -

FOR THE YEAR ENDED JULY 31, 1996

Exhibit E

		1996		1995
QUOTA EXCHANGED:				
Quota transfers to successful bidders		13,104,658		12,264,537
Quota transfers from successful offerors		12,844,018		(12,297,591)
Quota exchange result excess(deficiency)		260,640		(33,054)
INCOME:				
Interest earned		10,911		7,720
		271,551		(25,334)
BALANCE AT BEGINNING OF THE YEAR		325,729		351,063
BALANCE AT END OF THE YEAR	**$**	**597,280**	**$**	**325,729**

The Corporation administers a monthly quota exchange to facilitate the orderly transfer of quota between producers.

FOR THE YEAR ENDED JULY 31, 1996

Exhibit F

	1996	1995
INCOME:		
Component testing fees -		
Deductions (Ex.B)	$ 192,811	$ 194,824
Milk recording program	200,913	224,151
Processor - proportionate sample fees	46,078	41,888
Other income	5,261	4,978
	445,063	465,841
EXPENSE:		
Amortization	85,607	85,111
Board members' per diems and travel (Note 4)	3,054	1,567
Courier service	26,278	26,612
Data processing	2,562	2,485
Insurance	11,417	13,574
Interest (Note 1C)	20,991	27,349
Laboratory accreditation	3,670	4,019
Laboratory supplies	30,092	28,189
Maintenance	14,147	31,821
Occupancy (Note 1C)	24,924	24,924
Office supplies	318	792
Other	3,049	3,334
Professional fees	16,365	16,672
Salaries and benefits	241,653	220,851
Staff travel	113	301
Staff training	137	527
	484,377	488,128
(LOSS) FOR THE YEAR	(39,314)	(22,287)
(DEFICIT) AT BEGINNING OF THE YEAR	(559,315)	(537,028)
(DEFICIT) AT END OF THE YEAR	$ (598,629)	$ (559,315)

FOR THE YEAR ENDED JULY 31, 1996

Exhibit G

	1996	1995
OPERATING ACTIVITIES:		
Net income(loss) of funds -		
General (Ex.C)	$ (100,200)	$ (177,567)
Transportation (Ex.D)	-	-
Milk Pool (Ex.B)	-	-
	(100,200)	(177,567)
Quota Exchange (Ex.E)	271,551	(25,334)
(Loss) of subsidiary -		
MFC Testing and Research Inc.(Ex.F)	(39,314)	(22,287)
	132,037	(225,188)
Non-cash items included in above -		
Amortization	137,805	149,027
	269,842	(76,161)
INVESTING ACTIVITIES:		
Purchase of property, building and equipment	(44,041)	(66,528)
	(44,041)	(66,528)
FINANCING ACTIVITIES:	-	-
INCREASE (DECREASE) IN WORKING CAPITAL POSITION FOR THE YEAR	225,801	(142,689)
CASH PROVIDED BY (USED IN) OPERATION OF NON-CASH WORKING CAPITAL COMPONENTS	1,137,927	(323,668)
INCREASE (DECREASE) IN CASH POSITION FOR THE YEAR	1,363,728	(466,357)
CASH POSITION AT BEGINNING OF THE YEAR	2,428,686	2,895,043
CASH POSITION AT END OF THE YEAR	$ 3,792,414	$ 2,428,686

( ) denotes use of cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 1996

1. SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

Manitoba Milk Producers is a body corporate established under The Natural Products Marketing Act of the Province of Manitoba in 1974. The Corporation is responsible for the control and regulation of the marketing of milk in the province.

(a) MILK POOL FUND

Selling prices - The value of milk sold to processors is determined by its final product use. The Corporation sets the prices charged to processors except for Class I milk which is set by the Manitoba Milk Prices Review Commission. For purposes of accountability to producers the Corporation credits income from processor sales to a milk pool fund.

Costs of sales - Income from processor sales in the milk pool fund referred to above is paid to the individual producers based on the quality and quantity of milk shipped.

The operation of the milk pool is accounted for in Exhibit B.

(b) PRODUCER DEDUCTION FUNDS

Operating Expenses - The Corporation is authorized through provincial statute to deduct fees from producer milk pool payments to cover operating expenses. Such deductions are accounted for separately in Exhibits C, D, and F.

(c) BASIS OF CONSOLIDATION

The Corporation and its wholly owned subsidiary MFC Testing and Research Inc. are considered to be one economic entity for accounting purposes. Accordingly, these financial statements are presented on a consolidated basis. However certain transactions between the Corporation general fund and the subsidiary cannot be eliminated in the respective statements of operations because the Corporation, by government regulation, follows the fund basis of accounting. The resulting related party transactions not eliminated on consolidation are as follows:

	1996	1995
Interest	$20,991	$27,349
Occupancy	24,924	24,924
	$45,915	$52,273

(d) **PROPERTY, BUILDING, EQUIPMENT AND RELATED AMORTIZATION**

Property, building and equipment are stated at cost. Amortization is provided for on the straight-line basis over an estimated life of five years for office equipment, seven years for laboratory equipment and thirty years for the building.

(e) **INCOME TAXES**

The Corporation's subsidiary company is a taxable Canadian corporation accounting for income taxes under the tax allocation method. The subsidiary has incurred losses which are not certain of utilization. Accordingly the tax reductions that may result from the application of these losses have not been recognized in the accounts as explained in Note 6.

2. **COMMITMENTS:**

Manitoba has entered into an agreement with five other provinces to establish a national milk pooling arrangement for all milk revenues commencing August 1, 1996. As a condition of becoming a partner in the arrangement the Corporation has agreed to pay to the other partners a net exchange consideration of $1.8 million in the period August 1, 1996 to 1999.

Operating lease for office equipment at base rental of $20,233 per annum.
Lease payments in the next 5 fiscal years are:
1997 - $20,233; 1998 - $15,683; 1999 - $3,912; 2000 - $ 326; 2001 - $---.

3. **PENSION PLAN:**

Employees of the Corporation participate in the Manitoba Civil Service Superannuation Board pension plan which is a defined benefit plan.
Employees of MFC Testing and Research Inc. participate in a defined contribution plan administered by a Canadian insurance company.
The Corporation participates in both plans on a defined contribution basis whereby it contributes to the plan a fixed amount equal to the amount contributed by the employees.

4. ELECTED MEMBERS PER DIEM AND TRAVEL EXPENSES:

Members are paid a per diem of $165 ($165 - 1995) and the Chairman $207 ($207 - 1995) for time spent at meetings or on business matters of the Corporation. In the following information the Chairman's per diem includes an annual stipend of $20,000 and the Vice-Chairman's per diem an annual stipend of $10,000.

District		Per Diem	Expenses
#1	Russell McKague	$ 11,653	$ 8,387
#2	Hugh Jameson	11,345	8,757
#3	Craig Finnie	20,577	9,594
#4	Maurice Delichte	12,123	7,560
#5	William Swan	14,497	6,358
#6	Neil Van Ryssel (Chairman)	68,352	33,519
#7	A. Ens	9,878	5,449
#8	Ray Pelletier	14,921	10,746
#9	Ken Leppky (Vice Chairman)	29,226	31,543
	1996	$192,572	$121,913
	1995	$191,528	$106,688

5. PROPERTY, BUILDING AND EQUIPMENT:

	Cost	Accumulated amortization	Amortization rate
Land	$ 104,109	$ -	-
Building	821,767	200,394	30 years
Equipment			
- laboratory	592,805	383,555	7 years
- other	524,727	443,306	5 years
	$2,043,408	$ 1,027,255	

6. INCOME TAXES:

Manitoba Milk Producers is an agricultural organization whose income is not payable to or otherwise available for the personal benefit of any registered producer. Accordingly, the net income of the Corporation is exempt from income taxes. MFC Testing and Research Inc. is a taxable Canadian corporation. The potential income tax benefits associated with its accumulated operating losses of $598,629 are not recognized in the accounts because of the uncertainty of utilization. The losses are available to reduce taxable income of future years but their availability will expire after 1998.

7. 1995 COMPARATIVE FIGURES:

Certain of the 1995 comparative figures have been reclassified to conform with the 1996 classification of financial information.

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Classification Order, amendment*

Regulation 118/95
Registered August 10, 1995

Manitoba Regulation 139/84 amended

1 The *Milk Classification Order*, Manitoba Regulation 139/84, is amended by this regulation.

2 Section 2 is amended by adding the following after clause (j):

(k) "Class IXA Milk" means:
the amount of milk, partly skimmed-milk, skim-milk and cream in litres that is used by a manufacturer in the manufacturing by a plant of: cheese products for further processors.

(l) "Class IXB Milk" means:
the amount of milk, partly skimmed-milk,skim-milk and cream in litres that is used by a manufacturer in the manufacturing by a plant of: non-cheese dairy products used in further processing.

(m) "Class IXC Milk" means:
the amount of milk, partly skimmed-milk, skim-milk and cream in litres that is used by a manufacturer in manufacturing by a plant of: dairy products for processing into confectionery products (chocolate crumb).

(n) "Class IXD Milk" means:
the amount of milk, partly skimmed-milk, skim-milk and cream in litres used by a manufacturer in the manufacturing by a plant of dairy products for export.

(o) "Class IXE Milk" means:
the amount of milk, partly skimmed-milk, skim-milk and cream in litres used by a manufacturer in the manufacturing by a plant of dairy products for sale to the Canadian Dairy Commission Plan C for surplus removal.

* This order is made under the Manitoba Milk Producers' Marketing Plan Regulation, Manitoba Regulation 139/84, and is Order No. 3, 1995 of Manitoba Milk Producers.

July 11, 1995

MANITOBA MILK PRODUCERS:

Neil Van Ryssel
Chairman

W. James S. Wade
Secretary

The Queen's Printer
for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Marketing Quota Order, amendment

Regulation 6/96
Registered January 22, 1996

Manitoba Regulation 175/91 amended

1 The *Milk Marketing Quota Order*, Manitoba Regulation 175/91, is amended by this regulation.

2 Section 1 is amended by repealing the definition "maximum quota".

3 Sections 7, 20 and 21 are repealed.

4 Section 22 is amended by striking out "Notwithstanding section 20,".

5 Sections 26, 32 and 42 are repealed.

6 Subsection 8(2) of Schedule "A" is repealed.

7 Section 13 of Schedule "A" is repealed and the following is substituted:

Allocation from Reserve

13 The Board may, from time to time, allocate quota from the Reserve to registered producers on a pro rata basis or by other means as may be determined by the Board.

• This order is made under the *Manitoba Milk Producers' Marketing Plan Regulation*, Manitoba Regulation 247/87 R, and is Order No. 2, 1995 of Manitoba Milk Producers.

July 11, 1995

MANITOBA MILK PRODUCERS:

Neil Van Ryssel
Chairman

W. James S. Wade
Secretary

APPROVED

January 15, 1996

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

The Queen's Printer
for the Province of Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Canadian Dairy Commission Delegation Regulation

Regulation 96/96
Registered May 17, 1996

Definitions

1 In this regulation,

"components of milk and cream" include butterfat, solids non-fat, protein and whey derived from milk or cream; (« composants du lait et de la crème »)

"extra-provincial board" means the Canadian Dairy Commission constituted by the *Canadian Dairy Commission Act*; (« conseil extra-provincial »)

"milk" milk means obtained from cows, and includes cream separated from milk and all components of milk and cream; (« lait »)

"milk products" includes evaporated milk, evaporated partly skimmed milk, evaporated skimmed milk, milk powder, skim milk powder, cheese and butter. (« produits laitiers »)

LOI SUR LA COMMERCIALISATION DES PRODUITS NATURELS
(c. N20 de la C.P.L.M.)

Règlement portant délégation de pouvoirs à la Commmission canadienne du lait

Règlement 96/96
Date d'enregistrement : le 17 mai 1996

Définitions

1 Les définitions qui suivent s'appliquent au présent règlement.

« composants du lait et de la crème » S'entend notamment des matières grasses, des matières sèches dégraissées, des protéines et du lactosérum dérivé du lait ou de la crème. ("components of milk and cream")

« conseil extra-provincial » La Commission canadienne du lait constituée par la *Loi sur la Commission canadienne du lait*. ("extra-provincial board")

« lait » Le lait de vache, y compris la crème séparée du lait ainsi que tous les composants du lait et de la crème. ("milk")

« produits laitiers » Sont assimilés aux produits laitiers le lait évaporé, le lait évaporé partiellement écrémé, le lait évaporé écrémé, le lait en poudre, le lait écrémé en poudre, le fromage et le beurre. ("milk products")

Marketing authority

2 The Lieutenant Governor in Council hereby authorizes the extra-provincial board, to stabilize the price of milk and cream produced in Manitoba and sold by the producer of such milk and cream,

(a) by purchasing or otherwise acquiring such quantity or quantities of milk products produced in Manitoba as the extra-provincial board considers advisable and selling or otherwise disposing of such quantity or quantities of milk products so purchased or otherwise acquired,

(b) by packing, processing, storing, shipping and transporting milk products produced in Manitoba; and

(c) by advertising, promoting and encouraging the consumption and use of milk, cream and milk products produced in Manitoba by advertising, promotional incentives, and assistance programs.

Levies or charges

3 The Lieutenant-Governor-in-Council hereby vests in the extra-provincial board the power to make regulations imposing levies or charges payable to it, or on its behalf, on producers of milk and on producers of cream, and for such purpose to classify such persons into groups and fix the levies or charges payable by the members of the different groups in different amounts.

Penalties

4 The Lieutenant-Governor-in-Council hereby vests in the extra-provincial board the power to make regulations controlling the quantity of milk and cream that may be marketed by imposing penalties on producers.

Approval

5 Any levies, charges or penalties fixed or imposed by the extra-provincial board pursuant to sections 3 or 4 shall not become effective until approved by the Manitoba Milk Producers.

Autorité chargée de la commercialisation

2 Le lieutenant gouverneur en conseil autorise par les présentes le conseil extra-provincial à prendre les mesures indiquées ci-après dans le but de stabiliser le prix du lait et de la crème produits au Manitoba et vendus par les producteurs eux-mêmes :

a) acheter ou acquérir de toute autre façon la quantité de produits laitiers provenant du Manitoba que le conseil juge appropriée et vendre ou aliéner de toute autre façon la quantité de produits laitiers achetée ou acquise;

b) emballer, traiter, emmagasiner, expédier et transporter les produits laitiers provenant du Manitoba;

c) avoir recours à la publicité, à la stimulation promotionnelle et aux programmes d'aide afin d'annoncer, de promouvoir et d'encourager la consommation et l'utilisation du lait, de la crème et des produits laitiers provenant du Manitoba.

Contributions et frais

3 Le lieutenant-gouverneur en conseil confère par les présentes au conseil extra-provincial le pouvoir de prendre des règlements imposant des contributions et des frais aux producteurs de lait ainsi qu'aux producteurs de crème. Le conseil peut imposer les contributions et les frais en sa faveur ou en son nom. Il peut également classer les producteurs en divers groupes et varier le montant des contributions et des frais qu'il exige de chaque groupe.

Amendes

4 Le lieutenant-gouverneur en conseil confère par les présentes au conseil extra-provincial le pouvoir de prendre des règlements tendant au contrôle des quantités de lait et de crème pouvant être commercialisées en imposant des amendes aux producteurs qui excèdent ces quantités.

Approbation

5 Les contributions, frais ou amendes imposés par le conseil extra-provincial en application de l'article 3 ou 4 ne deviennent exigibles qu'après avoir été approuvés par l'Office des produits laitiers du Manitoba.

Calculation and collection of levies charges and penalties

6 The extra-provincial board may make regulations providing for the calculation and collection of any levies charges or penalties fixed or imposed by the extra-provincial board and the remission thereof, as its agent, to it by any person engaged in the marketing of milk or cream, and may require Manitoba Milk Producers or any person engaged in the marketing of milk or cream to deduct from the money payable for any milk or cream any levies, charges and penalties payable to the extra-provincial board by the producer from whom it receives the milk or cream and to forward such levies, charges and penalties to the extra-provincial board or its designated agent not later than 20 days from the last day of the month following the month in which it receives milk or cream.

Information

7 The extra-provincial board may make orders requiring a producer or any person engaged in the marketing of milk or cream to report to it any information respecting the marketing of milk or cream.

Audit

8 The extra-provincial board shall, at any time during normal office hours, make available to such auditor as the Minister of Agriculture may designate, all books of account, records and documents relating to the receipt of levies, charges and penalties imposed under this regulation.

Repeal

9 The *Canadian Dairy Commission Delegation Regulation*, Manitoba Regulation 133/90, is repealed.

Calcul et perception des contributions, des frais et des amendes

6 Le conseil extra-provincial peut prendre des règlements prévoyant le calcul, la perception et la remise en sa faveur des contributions, des frais ou des amendes qu'il fixe ou impose, par toute personne qui agit en son nom et se livre à la commercialisation du lait ou de la crème. Il peut également exiger de l'Office des produits laitiers du Manitoba ou de toute personne qui se livre à la commercialisation du lait ou de la crème de déduire des montants versés à l'égard du lait ou de la crème les contributions, les frais et les amendes qui lui sont payables par le producteur qui lui fournit le lait ou la crème et de lui remettre ces sommes ou de les remettre à son représentant désigné au plus tard 20 jours après la fin du mois qui suit celui au cours duquel il a reçu le lait ou la crème.

Renseignements

7 Le conseil extra-provincial peut rendre des ordonnances prescrivant à un producteur ou à toute personne qui se livre à la commercialisation du lait ou de la crème de lui communiquer tous les renseignements pertinents concernant la commercialisation du lait ou de la crème.

Vérification

8 Le conseil extra-provincial met à la disposition du vérificateur désigné par le ministre de l'Agriculture, pendant les heures de bureau ordinaires, les livres comptables, les registres et autres documents ayant trait à la réception des contributions, des frais et des amendes imposés en application du présent règlement.

Abrogation

9 Est abrogé le *Règlement portant délégation de pouvoirs à la Commission canadienne du lait*, R.M. 133/90.

The Queen's Printer
for the Province of Manitoba

L'Imprimeur de la Reine
du Manitoba

THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Cream Marketing Plan Regulation

Regulation 97/96
Registered May 17, 1996

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Definitions

1 In this plan,

"Act" means *The Natural Products Marketing Act*; (« Loi »)

"Board" means Manitoba Milk Producers; (« Office »)

LOI SUR LA COMMERCIALISATION DES PRODUITS NATURELS
(c. N20 de la C.P.L.M.)

Programme de commercialisation de la crème

Règlement 97/96
Date d'enregistrement : le 17 mai 1996

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Définitions

1 Les définitions qui suivent s'appliquent au présent programme.

« année laitière » La période de 12 mois commençant le 1er août et se terminant le 31 juillet. ("dairy year")

"**components of milk**" includes butterfat, solids non-fat, protein and whey derived from milk; (« composants du lait »)

"**cream**" means milk obtained from cows, and includes cream separated from milk and all components of milk; (« crème »)

"**cream quota**" means the quantity of cream allocated to a producer by the Board, expressed in terms of the butterfat content of such cream, which may be marketed by a producer during a dairy year without incurring penalties; (« contingent de crème »)

"**dairy year**" means the 12 month period beginning August 1 and terminating July 31 following; (« année laitière »)

"**Manitoba council**" means The Manitoba Natural Products Marketing Council; (« Conseil manitobain »)

"**processing**" means changing the nature, size, quantity, form or condition of cream by mechanical means or otherwise; (« transformation »)

"**processor**" means any person who is engaged in the business of processing cream or using cream in manufacturing within the province; (« transformateur »)

"**producer**" means any person who is engaged in producing cream and includes any person who markets cream, but does not include a person who is a registered producer under the *Manitoba Milk Producers' Marketing Plan Regulation*. (« producteur »)

« **composants du lait** » S'entend notamment des matières grasses, des matières sèches dégraissées, des protéines et du lactosérum dérivé du lait. ("components of milk")

« **Conseil manitobain** » Le Conseil manitobain de commercialisation des produits naturels. ("Manitoba council")

« **contingent de crème** » Quantité de crème exprimée en fonction de sa teneur en matière grasse que l'Office attribue à un producteur et que ce dernier peut commercialiser pendant une année laitière sans se voir imposer une peine. ("cream quota")

« **crème** » Le lait de vache, y compris la crème séparée du lait ainsi que tous les composants du lait. ("cream")

« **Loi** » La *Loi sur la commercialisation des produits naturels*. ("Act")

« **Office** » L'Office des produits laitiers du Manitoba. ("Board")

« **producteur** » Personne qui produit de la crème, y compris la personne qui la commercialise. La présente définition exclut les producteurs inscrits aux termes du *Programme des producteurs manitobains pour la commercialisation du lait*. ("producer")

« **transformateur** » Personne qui oeuvre dans le secteur de la transformation de la crème ou qui utilise la crème à des fins de fabrication dans la province. ("processor")

« **transformation** » Changement de nature, de taille, de quantité, de forme ou d'état de la crème par des moyens mécaniques ou autres. ("processing")

Purpose

2 The general purpose and intention of this regulation is to provide for the effective control and regulation in any and all respects, by the Board of the marketing within the province of cream produced in the province.

General powers

3 The marketing of cream may be controlled and regulated by the Board and in doing so the Board may prohibit such marketing in whole or in part.

Objet

2 Le présent programme a pour objet de permettre à l'Office de réglementer la commercialisation à l'intérieur de la province de la crème qui y est produite.

Pouvoirs généraux

3 L'Office peut réglementer la commercialisation de la crème et, à cette fin, en interdire la commercialisation en tout ou en partie.

Licencing

4(1) The Board may require producers and processors to obtain licenses from the Board on such conditions and in such form and for such fees as the Board may determine, and may cancel, suspend and reinstate any such licence.

4(2) The Board shall keep and maintain at its head office a register containing the names and addresses of each licenced producer or processor.

4(3) The Board may cancel or suspend the license of a producer or processor who, in its opinion, is not entitled to be licenced, or who fails to comply with the Act and regulations, or the rules, orders or regulations of the Board or any term or condition of a licence granted by the Board.

4(4) Written notice of intention to cancel or suspend the licence of a producer or processor shall be served on him or her by the Board, either in person or by registered mail, at least two weeks prior to the date of cancellation or suspension.

4(5) Any producer or processor who objects to the cancellation or suspension of his or her licence by the Board may notify the secretary of the Board of the objection, and the grounds thereof and, if the producer or processor is not satisfied, he or she may refer the matter to the Manitoba council, which may hear the producer or processor or the Board, or both, and may confirm the cancellation or suspension, or order the reinstatement of the licence of the producer or processor, and the decision of the Manitoba council is final.

Information

5 The Board may make orders requiring a producer or processor or any other person engaged in the marketing of cream to report to it any information respecting the marketing of cream.

Directed marketing

6 The Board may make orders determining the processing plant to which cream marketed by a producer shall be delivered.

Délivrance de licences

4(1) L'Office peut obliger les producteurs et les transformateurs à obtenir de lui des licences aux conditions, dans la forme et moyennant le paiement des droits qu'il fixe lui-même. L'Office peut également annuler, suspendre et remettre en vigueur les licences qu'il a délivrées.

4(2) L'Office tient à jour, à son bureau principal, un registre contenant les nom et adresse de chaque producteur ou transformateur titulaire d'une licence.

4(3) L'Office peut annuler ou suspendre la licence d'un producteur ou d'un transformateur qui, à son avis, n'avait pas le droit d'obtenir une licence ou ne s'est pas conformé à la *Loi* et aux règlements ou à ses règles, ordonnances ou règlements ou encore aux modalités et conditions de la licence qui lui a été accordée.

4(4) L'Office doit signifier, à personne ou par courrier recommandé, au producteur ou au transformateur son intention d'annuler ou de suspendre la licence, au moins deux semaines avant la date de l'annulation ou de la suspension.

4(5) Le producteur ou le transformateur qui s'oppose à l'annulation ou à la suspension de sa licence par l'Office peut aviser le secrétaire de l'Office de son opposition et de ses motifs. S'il n'obtient pas satisfaction, il peut renvoyer l'affaire au Conseil manitobain. Ce dernier peut entendre le producteur ou le transformateur ou l'Office, ou les deux, et il peut alors confirmer l'annulation ou la suspension de la licence du producteur ou du transformateur ou ordonner sa remise en vigueur. La décision du Conseil manitobain est définitive.

Renseignements

5 L'Office peut, par ordonnance, enjoindre aux producteurs, aux transformateurs et à toute autre personne qui s'occupe de la commercialisation de la crème de lui fournir tous les renseignements concernant cette activité.

Ordonnances relatives à la commercialisation

6 L'Office peut, par ordonnance, déterminer à quelle usine de transformation la crème d'un producteur doit être livrée.

Prices

7 The Board may make orders fixing minimum prices or maximum prices, or both, or a price at which cream or any variety, class, or grade thereof may be sold by any producer or to any processor.

Cream quotas

8 The Board may make orders and establish policies determining the manner in which cream quotas are allotted, re-allotted, increased, decreased, cancelled or suspended.

Fees, levies and charges

9 The Board may make regulations imposing fees, levies and charges payable to it or on its behalf on producers, and providing for the collection as its agent of such fees, levies and charges and the remission thereof to it by any person engaged in the marketing of cream.

Penalties

10 The Board may make regulations controlling the quantity of cream that may be marketed by imposing penalties on producers and by requiring any processor or any other person engaged in the marketing of cream to calculate the penalties and to collect the penalties as the agent of the Board and to remit the penalties to the Board.

Approval of Manitoba council

11 No order made under section 8 and no regulation made under section 9 or 10 shall become effective until approved by the Manitoba council.

Duties of the Board

12(1) Every regulation and every order made by the Board under this plan, the Act or the regulations shall be

(a) signed by the proper officers under the seal of the Board;

(b) numbered in consecutive order; and

(c) open for inspection by any producer and by any processor or by any person designated by the Manitoba council at the head office of the Board during regular business hours.

12(2) All regulations and orders made by the Board under this plan shall be reviewed and consolidated annually by the Board.

Prix

7 L'Office peut, par ordonnance, fixer des prix minimums ou maximums ou les deux, ou un prix particulier auxquels la crème ou une variété, une catégorie ou une qualité de crème peut être vendue par un producteur à un transformateur.

Contingent de crème

8 L'Office peut, par ordonnance, établir des principes directeurs en fonction desquels les contingents de crème sont distribués, redistribués, augmentés, réduits, annulés ou suspendus.

Droits, contributions et frais

9 L'Office peut, par règlement, imposer aux producteurs des droits, des contributions et des frais en sa faveur ou en son nom, et prévoir la perception de ceux-ci par toute personne qui s'occupe de la commercialisation de la crème et qui le représente.

Peines

10 L'Office peut, par règlement, régir la quantité de crème qui peut être commercialisée en imposant des peines aux producteurs et en enjoignant aux transformateurs ou à toute autre personne qui s'occupe de la commercialisation de la crème de calculer et de percevoir, pour lui, les peines imposées et de les lui remettre.

Approbation du Conseil manitobain

11 Les ordonnances rendues en application de l'article 8 et les règlements pris en application de l'article 9 ou 10 n'entrent en vigueur qu'après leur approbation par le Conseil manitobain.

Fonctions de l'Office

12(1) Les règlements pris et les ordonnances rendues par l'Office en vertu du présent programme, de la *Loi* ou des règlements :

a) sont signés par l'administrateur compétent sous le sceau de l'Office;

b) sont numérotés en ordre consécutif;

c) peuvent être examinés par les producteurs, les transformateurs et toute autre personne désignée par le Conseil manitobain au bureau principal de l'Office pendant les heures normales d'ouverture.

12(2) L'Office révise et codifie annuellement les règlements qu'il prend et les ordonnances qu'il rend en application du présent programme.

12(3) The Board shall cause such books and records to be maintained as may be required for the proper administration of this plan, and the books and records shall be open for inspection by the Manitoba council at any reasonable time.

Association

13 Where two or more persons keep dairy cows in partnership, or in circumstances in which there is a sharing by them, whether familial, communal or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm or individual, for the purposes of this plan and the regulations and orders made by the Board, the dairy cows kept by one of those persons may be deemed by the Board to have been kept by the other or others.

Exemptions

14 The Board may exempt from any rule, order or regulation any person engaged in the production or marketing of cream or any class, variety or grade thereof, or any class of producers, processors or purchasers of cream.

Non-application

15 This regulation does not apply to

(a) cream which is marketed in accordance with the orders and regulations made under *Manitoba Milk Producers' Marketing Plan Regulation* to or through the Board by the producer of the cream; and

(b) cream which is used in any form for the personal consumption of the producer of that cream and of any member of the producer's household.

Repeal

16 The *Cream Marketing Plan Regulation*, Manitoba Regulation 134/90, is repealed.

12(3) L'Office fait tenir les livres et les registres nécessaires à la bonne administration du présent programme. Ces livres et registres doivent être mis à la disposition du Conseil manitobain à des fins d'examen, à tout moment raisonnable.

Association

13 Lorsque deux ou plusieurs personnes gardent des vaches laitières dans le cadre d'une société en nom collectif ou d'un partage de nature familiale, communale ou autre, d'installations, d'équipement, de main-d'oeuvre ou de services fournis directement ou indirectement par toutes ces personnes ou par certaines d'entre elles, ou encore aux termes d'un contrat conclu conjointement ou individuellement avec la même corporation, firme ou personne, aux fins du présent programme et des règlement et ordonnances pris par l'Office, celui-ci peut considérer les vaches laitières gardées par l'une de ces personnes comme ayant été gardées par les autres personnes concernées.

Exemptions

14 L'Office peut exempter de l'application des règles, ordonnances et règlements, les personnes qui s'occupent de la production et de la commercialisation de la crème ou de toute catégorie, variété ou classe de crème, et toute catégorie de producteurs, de transformateurs ou d'acheteurs de crème.

Non-application

15 Le présent règlement ne s'applique pas :

a) à la crème qu'un producteur vend à l'Office ou par son intermédiaire en conformité avec les ordonnances et les règlements visés par le *Programme des producteurs manitobains pour la commercialisation du lait*;

b) à la crème utilisée sous une forme quelconque pour la consommation personnelle de la personne qui en est le producteur et celle des membres de sa maisonnée.

Abrogation

16 Est abrogé le *Programme de commercialisation de la crème*, R.M. 134/90.

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THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Manitoba Milk Producers' Marketing Plan Regulation, amendment

Regulation 98/96
Registered May 17, 1996

Manitoba Regulation 247/87 R amended

1 The *Manitoba Milk Producers' Marketing Plan Regulation*, Manitoba Regulation 247/87 R, is amended by this regulation.

2 Section 1 is repealed and the following is substituted:

Definitions

1 In this plan,

"components of milk" includes butterfat, solids non-fat, protein, and whey derived from milk; (« composants du lait »)

"consumer" means a person who receives or purchases, or offers to receive or purchase, milk or dairy products for the person's own use or for the use of the person's household, or any use other than resale or manufacturing or processing, directly or indirectly; (« consommateur »)

"daily entitlement quota" means a base allocated to a registered producer by the producer board for the purpose of calculating prices payable to the producer for regulated product delivered by the person pursuant to a daily entitlement pricing policy established by the producer board; (« contingent quotidien admissible »)

LOI SUR LA COMMERCIALISATION DES PRODUITS NATURELS
(c. N20 de la C.P.L.M.)

Règlement modifiant le Programme des producteurs manitobains pour la commercialisation du lait

Règlement 98/96
Date d'enregistrement : le 17 mai 1996

Modification du *R.M.* 247/87 R

1 Le présent règlement modifie le *Programme des producteurs manitobains pour la commercialisation du lait*, R.M. 247/87 R.

2 L'article 1 est remplacé par ce qui suit :

Définitions

1 Les définitions qui suivent s'appliquent au présent programme.

« commercialisation » S'entend de la vente, de la proposition de vente, du traitement, de l'achat ou de la proposition d'achat. Sont notamment visés la publicité, l'emballage, l'emmagasinage, l'expédition et le transport dans la province. Ne sont cependant pas visés l'emballage et l'emmagasinage sur les lieux par le producteur. ("marketing")

« Commission de contrôle du prix du lait » La Commission manitobaine de contrôle du prix du lait établie aux termes de la Loi sur le contrôle du prix du lait. ("Milk Prices Review Commission")

« composants du lait » S'entend notamment des matières grasses, des matières sèches dégraissées, des protéines et du lactosérum dérivé du lait. ("components of milk")

"**Daily T.A.P.**" means a base, expressed in kilograms of butterfat per day, allotted to a registered producer by the producer board; (« P.T.A. quotidienne »)

"**dairy cows**" means cows kept by a producer for the purpose of marketing milk from such cows; (« vaches laitières »)

"**dairy products**" means milk, cream, condensed milk, dry milk, evaporated milk, sterile milk, milk powder, butter, cheese, ice cream, or any other food substance for human consumption made wholly or mainly from milk; (« produits laitiers »)

"**designated representative**" means a person designated by a registered producer which is a corporation or a partnership to attend meetings and vote on behalf of the corporation or partnership; (« représentant désigné »)

"**distributor**" means a person who distributes or sells, or offers to distribute or sell, milk or dairy products for consumption, manufacturing, processing or resale; (« distributeur »)

"**facility**" means any building, structure, equipment or land used in connection with the production of the regulated product; (« installation »)

"**Manitoba council**" means The Manitoba Natural Products Marketing Council; (« Conseil manitobain »)

"**manufacturer or processor**" means any person who is engaged in the business of processing milk or dairy products or using milk or dairy products in manufacturing within the province; (« fabricant ou transformateur »)

"**manufacturing or processing**" means changing the nature, size, quantity, form or condition of milk or dairy products by mechanical means or otherwise; (« fabrication » ou « traitement »)

« **Conseil manitobain** » Le Conseil manitobain de commercialisation des produits naturels. ("Manitoba Council")

« **consommateur** » Personne qui reçoit ou achète, ou offre de recevoir ou d'acheter, du lait ou des produits laitiers pour son usage personnel ou celui de sa maisonnée, ou pour toute autre fin que la revente, la fabrication ou le traitement, directement ou indirectement. ("consumer")

« **contingent** » S'entend d'un contingent quotidien admissible ou d'une P.T.A. quotidienne, ou des deux, suivant le contexte. ("quota")

« **contingent quotidien admissible** » S'entend du contingent de base attribué par l'organisation de producteurs à un producteur inscrit aux fins du calcul des prix payables à ce dernier pour ses livraisons de produit réglementé, conformément à la politique de fixation de prix quotidiens établie par l'organisation de producteurs. ("daily entitlement quota")

« **distributeur** » Personne qui distribue ou vend, ou offre de distribuer ou de vendre, du lait ou des produits laitiers à des fins de consommation, de fabrication, de transformation ou de revente. ("distributor")

« **fabricant ou transformateur** » Personne qui travaille dans le secteur du traitement du lait ou des produits laitiers ou qui utilise du lait ou des produits laitiers à des fins de fabrication dans la province. ("manufacturer or processor")

« **fabrication** » ou « **traitement** » S'entend du changement de nature, de taille, de quantité, de forme ou d'état du lait ou des produits laitiers par des moyens mécaniques ou autres. ("manufacturing or processing")

« **installation** » S'entend des bâtiments, des constructions, de l'équipement et des biens-fonds servant à la production du produit réglementé. ("facility")

"**marketing**" means selling, or offering for sale, processing, buying, purchasing or offering to buy or purchase and includes advertising, packing, storage, shipping, and transportation, within the province, but does not include packing and storage by a producer on the producer's premises; (« commercialisation »)

"**milk**" means milk obtained from cows, and includes cream separated from milk and all components of milk; (« lait »)

"**milk plant**" includes a facility for receiving, storing, manufacturing or processing milk, or manufacturing or processing dairy products; (« laiterie »)

"**Milk Prices Review Commission**" means The Manitoba Milk Prices Review Commission constituted under The Milk Prices Review Act; (« Commission de contrôle du prix du lait »)

"**producer**" means any person who is engaged in producing milk and includes any person who markets milk but does not include a person who is a licensed cream producer under the Cream Marketing Plan Regulation; (« producteur »)

"**producer board**" means Manitoba Milk Producers; (« organisation de producteurs »)

"**quota**" means a daily entitlement quota, or a Daily T.A.P., or both, as the context requires; (« contingent »)

"**transporter**" means any person engaged in the gathering, haulage or transportation of milk or dairy products within the province; (« transporteur »)

"**registered producer**" means a producer who is duly registered with or licensed by the producer board and whose certificate or license is in good standing; (« producteur inscrit »)

« **lait** » Le lait de vache, y compris la crème séparée du lait ainsi que tous les composants du lait. ("milk")

« **laiterie** » S'entend notamment d'une installation destinée à la réception, à l'emmagasinage, à la fabrication ou au traitement du lait, ou à la fabrication ou au traitement des produits laitiers. ("milk plant")

« **organisation de producteurs** » L'Office des produits laitiers du Manitoba. ("producer board");

« **producteur** » Personne qui produit du lait, y compris la personne qui le commercialise. La présente définition exclut les producteurs de crème titulaires de licence visés par le Programme de commercialisation de la crème. ("producer")

« **producteur inscrit** » Producteur dûment inscrit auprès de l'organisation de producteurs ou titulaire d'une licence de cette organisation et dont le certificat ou la licence est en règle. ("registered producer")

« **produit réglementé** » S'entend du lait ou des produits laitiers de toute variété ou produits dans la province, ainsi que de toute autre substance produite dans la province par suite de la fabrication ou du traitement du lait, seul ou avec d'autres matières ou substances ou par l'extraction du lait d'une substance ou d'une matière quelconque. ("regulated product")

« **produits laitiers** » Lait, crème, lait condensé sucré, lait sec, lait concentré, lait stérilisé, poudre de lait, beurre, fromage, crème glacée ou tout autre produit alimentaire, entièrement ou principalement à base de lait, destiné à la consommation humaine. ("dairy products")

« **P.T.A. quotidienne** » Production de base, exprimée en kilogrammes de matière grasse par jour, que l'organisation de producteurs accorde à un producteur inscrit. ("Daily T.A.P.");

« **représentant désigné** » Personne désignée par un producteur inscrit qui est une corporation ou une société en nom collectif en vue d'assister aux réunions et de voter au nom de la corporation ou de la société en nom collectif. ("designated representative")

"regulated product" means any variety, class, or grade of milk or dairy products produced within the province and any other substance produced within the province by manufacturing or processing that milk, alone or together with any other material or substance or by extraction from that milk of any substance or material. (« produit réglementé »)

« transporteur » Personne qui fait le ramassage et le transport du lait ou des produits laitiers dans la province. ("transporter")

« vaches laitières » Les vaches gardées par un producteur en vue de la commercialisation du lait qu'elles produisent. ("dairy cows")

3 Subsection 28(2) is repealed and the following is substituted:

Non-application

28(2) This regulation does not apply to

(a) milk which is marketed in accordance with the orders and regulations made under the Cream Marketing Plan Regulation to a licensed cream processor by the producer of that milk if that producer is a licensed cream producer; and

(b) milk which is used in any form for the personal consumption of the producer of that milk and of any member of that producer's household.

3 Le paragraphe 28(2) est remplacé par ce qui suit :

Non-application

28(2) Le présent règlement ne s'applique pas aux produits suivants :

a) le lait que vend en conformité avec les ordonnances et les règlements visés par le Programme de commercialisation de la crème un producteur de lait à un transformateur de crème titulaire d'une licence, pourvu que le producteur de lait soit également un producteur de crème titulaire d'une licence;

b) le lait utilisé sous une forme quelconque pour la consommation personnelle de la personne qui en est le producteur et celle des membres de sa maisonnée.

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THE NATURAL PRODUCTS MARKETING ACT
(C.C.S.M. c. N20)

Milk Marketing Quota Order, amendment*

Regulation 138/96
Registered July 8, 1996

Manitoba Regulation 175/91 amended

1 The *Milk Marketing Quota Order*, Manitoba Regulation 175/91, is amended by this regulation.

2 Subsection 10(1) of Schedule "A" is amended by striking out "15%" **and substituting** "10%".

April 3, 1996

MANITOBA MILK PRODUCERS:

Neil Van Ryssel
Chairman

W. James S. Wade
Secretary

APPROVED

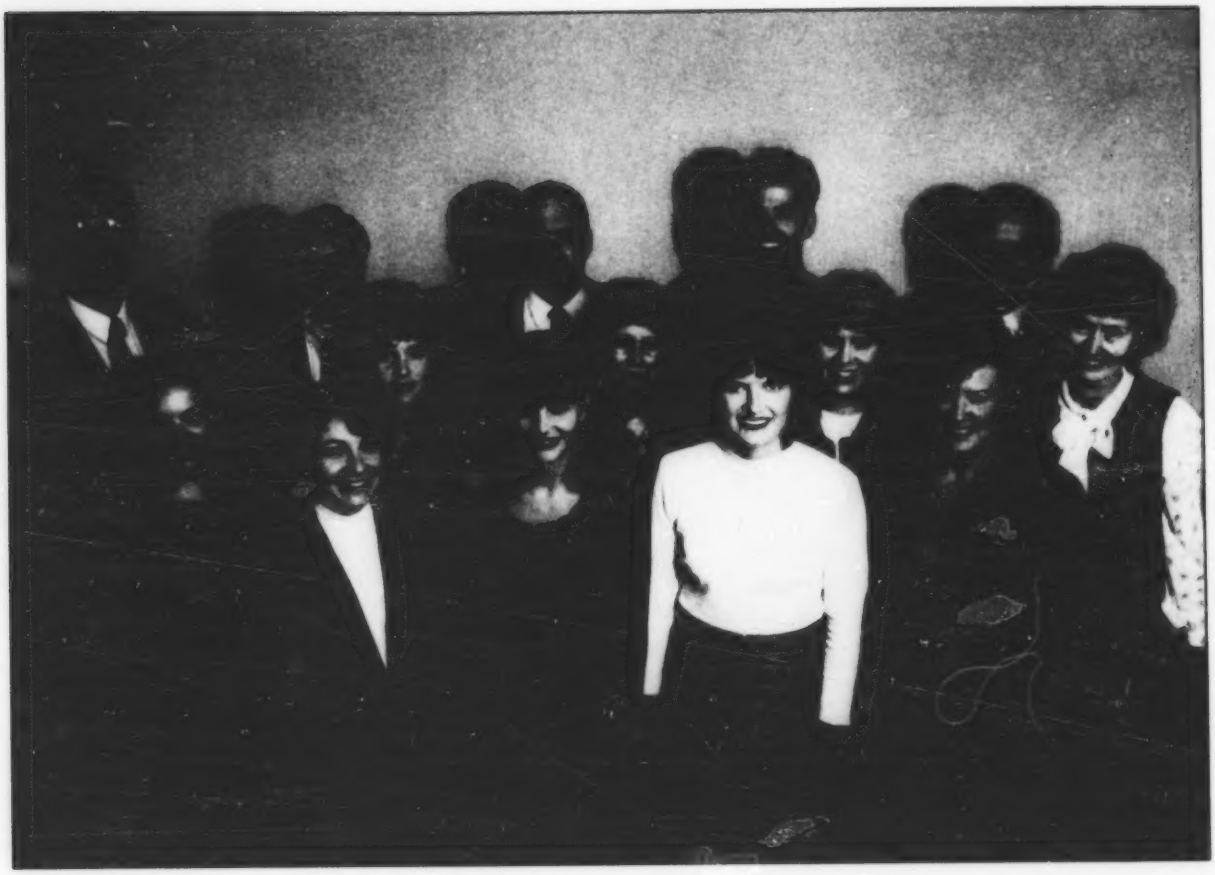
July 3, 1996

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL:

Howard Motheral
Chairman

Gordon H. MacKenzie
Secretary

* This order is made under the *Manitoba Milk Producers' Marketing Plan Regulation*, Manitoba Regulation 247/87 R, and is Order No. 2, 1996 of Manitoba Milk Producers.



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